
WSPRS Plan 1 and 2

Recovery of withdrawn or optional service credit

The actual provisions governing the recovery of withdrawn or optional service credit are contained in the Revised Code of Washington (RCW). This publication is a summary of those provisions, not a complete description of the law, and describes provisions currently in effect. If there are any conflicts between what is written in this publication and what is contained in the law, the applicable law will govern.

Some WSPRS members leave active service during their career and exercise the option to withdraw their contributions from their retirement fund. Members who withdraw their contributions lose all service credit associated with the withdrawn contributions and any future benefits based on that service credit. There are three different ways to recover service credit lost due to the withdrawal of contributions.

- 1. Restoration:** You return to WSPRS and complete restoration within the statutory deadline. See below.
 - 2. Dual Member Restoration:** You join a retirement system other than the one you withdrew from, and restore the service withdrawn from the first system. Both retirement systems must be dual member systems. See page 2.
 - 3. Service Credit Purchase:** You may still purchase withdrawn service credit if the deadline passes before restoration is completed. See pages 3 and 4.
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What are the rules for restoration?

Restoration rules apply to service credit lost due to withdrawal of contributions. Under restoration rules, you repay the full amount of the original withdrawal, plus recovery interest compounded from the time of withdrawal until the restoration costs are paid in full.

To qualify for restoration

You may only apply for restoration after you reestablish membership in WSPRS by working in a WSPRS covered position. Additionally, you must return to service within 10 years of separation. **If you wish to apply for restoration**, see contact information on page 4.

Restoration deadlines and payment options

You are required to initiate and complete restoration payments within 60 calendar months (5 years) of returning to service. Restoration can be paid in a lump sum, or in installment payments.

If employment is terminated before completing restoration payment

You may continue your restoration payments even if you leave active service. If you return to service, begin restoration payments, leave your job, and again withdraw your contribution, payments for the first withdrawal must still be completed by the original deadline. Any contributions or interest associated with service credit earned after the initial withdrawal will be assigned a new deadline, if you again return to service and apply for restoration.

Note on Rollovers and Transfers: In many cases it is possible to roll over funds from another tax-deferred retirement account to satisfy restoration or service credit purchase billings. You are advised to check with the administrator of your tax-deferred account to see if those dollars can be rolled over or transferred to the Department of Retirement Systems (DRS). DRS is classified by the Internal Revenue Service (IRS) as a 401(a) account. Funds in excess of billing cannot be rolled over to DRS.

DRS
DEPARTMENT OF
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SYSTEMS

What are the rules for dual member restoration?

A dual member:

- Is currently an active member of WSPRS Plan 1 or 2; PERS Plan 1, 2 or 3; TRS Plans 1, 2 or 3; SERS Plan 2 or 3; LEOFF Plan 2; or the city retirement system of Tacoma, Seattle or Spokane; and
- Has previously been a member of one or more of these systems or the Statewide City Employees' Retirement System (SCERS) in addition to the system in which he or she is currently a member; and
- Has never been retired from service and is not currently receiving a disability retirement benefit or disability leave benefit from any of the public retirement systems in the state of Washington.

Dual member restoration rules and deadlines apply to all dual member systems and plans

For restoration under dual membership, you must repay the amount withdrawn plus interest within 24 months (2 years) of becoming a dual member or before you retire, whichever comes first.

For more information about dual membership rights, refer to the DRS publication, *What Is Dual Membership and How Does it Affect Me?* This publication is available on the DRS Internet site or in print through DRS or your personnel/payroll office. See page 4 for Internet address and DRS contact information.

What is optional service credit and how do I apply for it?

WSPRS members have the option to apply for service credit for periods of public service or leaves of absence that fall under rules other than normally accumulated service credit. This is referred to as "optional service." Optional service can be acquired by paying contributions within a specific time period immediately after returning to normal active service. While payment for optional service credit must be initiated while actively employed in a covered position, payments can be completed regardless of employment status.

Some common types of optional service:

- Authorized leaves of absence
- Temporary duty disability
- Legislative employment
- Military service that interrupts WSP employment
- Service as an elected official

If statutory deadlines have passed, you can still recover optional service credit

Though it is considerably more expensive than recovering the service within the statutory deadline, optional service can be purchased any time during active membership under Service Credit Purchase provisions.

If you have questions about optional service credit

If you have questions concerning any periods of time that you think may qualify as optional service, call DRS and speak with a Retirement Services Analyst. See contact information on page 4.

What are the rules for service credit purchase?

All active WSPRS members have the option to purchase withdrawn service credit even after deadlines for normal or dual member restoration have passed. Service credit purchased under this law costs much more than service credit recovery within statutory deadlines. This is because cost is based on the increased value of your retirement benefit, not on the amount of withdrawn contributions.

- You may purchase service credit in increments as small as the amount earned in one month.
- You are not limited to a single purchase, and may purchase credit up until you retire.

If you wish to apply for service credit purchase, contact DRS to receive a billing. See contact information on page 4.

NOTE: In many cases it is possible to roll over funds from another tax-deferred retirement account to satisfy restoration or service credit purchase billings. See note on rollovers and transfers on page 2.

Calculating the cost for service credit purchase

DRS uses a formula based on the following:

- Your highest average earnings which would be used for computing your benefit in the system in which you are purchasing service credit. This definition can be found in your member handbook.
- The amount of service credit being purchased.
- The amount of time you will be able to retire earlier as a result of the purchase.
- An actuarial factor or factors based on your earliest possible retirement date and the system and plan under which the service credit was earned. See actuarial factor tables and example on page 4.

Actuarial factors are assigned by system and plan

For WSPRS Plan 1 and Plan 2 members, the normal retirement age is

- Any age with 25 years of service credit; or
- Age 55 or older, regardless of the amount of service credit you have accumulated.

Note: If you leave your State Patrol commission prior to age 55, you must be vested to receive a benefit.

If a service credit purchase does not change the potential retirement date, only Part 1 of the formula is used. If the purchase allows the potential retirement date to be sooner, Parts 1 and 2 of the formula are used.

Service Credit Purchase Formula

PART 1: Average Annual Earnings x Service Credit Years Purchased x Table 1 Actuarial Factor = Part 1 Cost

PART 2: Average Annual Earnings x Total of anticipated service credit at retirement x number of years able to retire earlier (after purchase) x Table 2 Actuarial Factor x Table 3 Actuarial Factor = Part 2 Cost

Part 1 Cost + Part 2 Cost = Total purchase price

Actuarial tables and an example calculation are provided on page 4

TABLE 1 ACTUARIAL FACTORS		
	WSPRS 1	WSPRS 2
0	0.3026	0.2815
1	0.2928	0.2724
2	0.2833	0.2636
3	0.2742	0.2550
4	0.2653	0.2468
5	0.2567	0.2388
6	0.2484	0.2310
7	0.2403	0.2235
8	0.2325	0.2163
9	0.2250	0.2093
10	0.2177	0.2025
11	0.2106	0.1959
12	0.2038	0.1896
13	0.1972	0.1835
14	0.1908	0.1775
15	0.1846	0.1718
16	0.1787	0.1662
17	0.1729	0.1608
18	0.1673	0.1556
19	0.1618	0.1505
20	0.1566	0.1457
21	0.1515	0.1409
22	0.1466	0.1364
23	0.1419	0.1320
24	0.1373	0.1277
25	0.1328	0.1235
26	0.1285	0.1195
27	0.1243	0.1157
28	0.1203	0.1119
29	0.1164	0.1083
30	0.1126	0.1048

Table 2 Actuarial Factors	
WSPRS 1:	0.00489
WSPRS 2:	0.00460

Table 3 Actuarial Factors	
Years to normal retirement age	Actuarial Factor #3
1	0.9676
2	0.9362
3	0.9059
4	0.8765
5	0.8481
6	0.8206
7	0.7940
8	0.7683
9	0.7434
10	0.7193
11	0.6960
12	0.6735
13	0.6516
14	0.6305
15	0.6101
16	0.5903
17	0.5712
18	0.5527
19	0.5348
20	0.5174

Normal retirement age is defined on page 3.

EXAMPLE: Service credit purchase

Ron is a WSPRS Plan 1 member. He is age 50 and has 19 years of service credit.

Determine Normal Retirement Age:

Ron's first opportunity to retire would come in 5 years when he is age 55 with 24 years of service. Ron's normal retirement age is 55. Since he is currently age 50, Ron is 5 years from normal retirement age.

Determine years of earlier retirement:

If Ron purchases 2 years of service, his current total service would increase to 21 years. This means that Ron would reach 25 years* of service when he is age 54. Ron would be able to retire 1 year earlier at the age of 54 instead of his normal retirement age of 55.

Part 1: Average Annual Earnings x Years of Service purchased x Table 1 Factor = Cost
\$55,000 x 2 years x 0.2567 = \$28,237

Part 2: Average Annual Earnings x Total service credit at retirement x Years of Earlier Retirement x Table 2 Factor x Table 3 Factor = Cost
\$55,000 x 25 x 1 x 0.00489 x 0.8481 = \$5,702.41
Total Purchase Cost: Part 1 cost + Part 2 cost = Total Purchase Cost
\$28,237 + \$5,702.41 = \$33,939.41

* Retirement eligibility is age 55, or 25 years of service credit.

What do I need to do?

To initiate the recovery of service credit, or to obtain an estimate for the cost of service credit purchase, contact DRS. Be sure to provide your name, retirement system, Social Security Number, mailing address, and daytime telephone number.

Send your mail to:

Department of Retirement Systems
WSPRS
PO Box 48380
Olympia WA 98504-8380

DRS telephone contacts and email address:

Toll-free at 1-800-547-6657. Olympia area members call (360) 664-7000.
recep@drs.wa.gov

DRS Internet site:

You will find this publication and a variety of other information about your retirement plan on the DRS Internet site (<http://www.drs.wa.gov>).